Approved for Release: 2018/10/01 C02991589

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STAFF NOTES:

Latin American Trends

[redacted] 3.5(c)

Secret

February 19, 1975
No. 0497/75

Approved for Release: 2018/10/01 C02991589

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LATIN AMERICAN TRENDS

This publication is prepared for regional specialists in the Washington community by the Western Hemisphere Division, Office of Current Intelligence, with occasional contributions from other offices within the Directorate of Intelligence. Comments and queries are welcome. They should be directed to the authors of the individual articles.

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Argentina: Industrial Absenteeism

Top government officials are worried about soaring absenteeism among workers. Since the return of Peronism, workers have responded to higher wages, increased leave benefits, and full employment by staying off the job in droves. According to Secretary of Commerce Jose Alloatti, the absentee rate has jumped from around seven percent in 1973 to approximately 30 percent at present.

While inflation has caused industrial production costs to double, absenteeism has resulted in a 70-percent decline in productivity at several factories. Alloatti recently warned that such a trend could "ruin the republic."

Government leaders themselves, however, must shoulder much of the blame for the present situation. The labor law enacted last September protects workers from dismissal and gives them extensive legal advantages over management. For example, workers who take unauthorized leave are entitled to "sick pay" if they submit a medical certificate upon return to work. Since many unions have their own doctors and clinics, such certificates can be obtained easily.

Official favoritism is further reflected in the 2.4 percent jobless rate announced last month. This more than fulfills the requirements of full employment, which is defined at 97 percent. It also means that a number of "marginal" individuals hold jobs whose productive usefulness is in question.

High absenteeism is a common phenomenon in many industrialized societies where job fatigue and work boredom have become important disincentives once a

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satisfactory wage level has been attained. In Italy, for example, absenteeism increasingly became a problem after extensive benefits were granted workers by national legislation in 1969.

High absenteeism and low productivity will be one of the major roadblocks to current efforts to stabilize the Argentine economy. A sudden recession could force Mrs. Peron to choose between backing her economic advisers and retaining the support of labor leaders who are the backbone of Peronism. There already are signs of pressure within the government to take a tougher line with the unions. Economy Minister Gomez Morales has publicly expressed the desire to "trim the fat" from the public enterprises that employ thousands of workers. Alloatti went even further when he recently accused some labor leaders of fomenting absenteeism against the national interest and specifically attacked automotive workers in one plant for "industrial sabotage." [redacted] 3.5(c)

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ANNEX

Dependence on Aide Hurts Argentine President

The dependence of Argentine President Maria Estela Peron on the shadowy Jose Lopez Rega as her principal political mentor has become a major vulnerability. In the six months since Juan Peron's death, Lopez Rega has emerged as the de facto strongman of the regime, and his personality and power have alienated the Argentine military and the country's other power brokers.

As minister of social welfare since Juan Peron returned to the presidency in October 1973, Lopez Rega has controlled over 20 percent of the national budget.

As secretary to the presidency, Lopez Rega has the authority to coordinate all of the President's official activities and has access to all the information she gets from any public official. He formally assumed this job only last month, but the appointment merely legitimized a role he was already filling.

As the government's unofficial coordinator for the fight against leftist terrorists, Lopez Rega is widely believed to be the mastermind behind the "death squads" that are trying to terrorize the terrorists.

It is Lopez Rega's strong personal influence over the inexperienced and insecure President, however, that gives him his greatest source of power. Mrs. Peron relies on Lopez Rega as a political strategist, personal confidant, and for psychological support. She seems swayed by his mysticism; he claims to be in communication with the spirit of Juan Peron and makes no attempt to hide his involvement in the occult.

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Lopez Rega serves as a kind of political lightning rod, drawing criticism to himself for administrative failures that might otherwise be blamed on the President.

Path to Power

Jose Lopez had a checkered career before he met Juan Peron. He was a police corporal, a nightclub bouncer and singer, a small-time publisher. He wrote several books on astrology. He ingratiated himself with Juan Peron in Madrid in the mid-1960s and became the exiled leader's private secretary and bodyguard.

It is unlikely that Juan Peron, during this period, ever turned to his secretary for advice on important matters, but Lopez Rega did manage some of Peron's business interests and was the leg man on some of Peron's political and financial dealings. On Peron's return to power in October 1973, the loyal servant was rewarded with a cabinet job.

Mrs. Peron and Lopez Rega have been close friends for more than a decade and partners in a wide variety of business ventures. They are reported to be joint inheritors of Juan Peron's sizable estate.

Now 58, Lopez Rega is not a particularly adept administrator. Indeed, his performance as minister of social welfare has been mediocre. He is, however, adept at blackmail and at intimidating his opponents; he has steadily strengthened his position by arranging the appointment of sycophants and allies to high government positions.

He publicly scorns popular references to him as El Brujo (the sorcerer), but probably finds his reputation as a mystic useful in intimidating and

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confusing his enemies. Whether he takes his pseudo-scientific interests seriously, they give him a sinister air and inspire widespread fear.

Murky Atmosphere

It may be that no one person governs Argentina today. The inner workings of Mrs. Peron's administration are cloaked from view. From somewhere within, executive decrees and ministerial pronouncements emerge, and an inert Peronist-controlled legislature promptly ratifies them. The return of Peronism by popular mandate in 1973 has proved to be little more than the replacement of a military cabal by bureaucratic authoritarianism.

This murky, unstructured atmosphere is made to order for Lopez Rega. He has appealed to ultra-nationalistic, anti-Marxist, and anti-Semitic forces within Argentina. He has encouraged Mrs. Peron to take a political stance to the right of her late husband--a shift that has cut off communication with the moderate Peronist left and seriously damaged any chances for unifying the movement.

In the process, he has made many powerful enemies. In Argentina's hidebound, highly stratified society, he is regarded as an interloper by the leaders of all major pressure groups. Instead of attempting to mollify these critics, Lopez Rega antagonizes them, for example, by appearing at Mrs. Peron's side whenever she makes a formal appearance.

One of those Lopez Rega has alienated is Ricardo Balbin, the leader of the moderate opposition Radical Party. Juan Peron had started a dialogue with Balbin, but Mrs. Peron has let it languish. Believing that

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Lopez Rega is chiefly responsible, Balbin has denounced recent government actions and criticized the extent of Lopez Rega's power.

Protests have come from military commanders, who distrust the ties Lopez Rega is said to have made with the minister of defense and the chief of the federal police. Although the commanders share with Lopez Rega a fear of the left and a goal of defeating leftist terrorists, the commanders think that he seeks to aggrandize his power at their expense.

Lopez Rega's earlier alliances with a number of other cabinet ministers and a key Peronist labor leader have cooled. He even has enemies in extreme right-wing circles.

An Unwanted Problem

Despite the wide range of this opposition, it is unlikely that any group or coalition will move decisively to depose him. They will try to contain and undercut him, but none seems willing to force the issue with the highly emotional President, who might resign and leave them all with an unwanted succession problem. This reluctance will probably last until the tide is turned in the struggle against terrorism.

Once terrorism ceases to be the major preoccupation, the armed forces could find ready support among political and labor groups to present Mrs. Peron with an ultimatum on Lopez Rega. Even if they did, it is doubtful that she would give him up.

Lopez Rega's role as a major actor probably will have a short run in Argentine politics, but he could be the catalyst that will bring the military back into

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politics. Army generals have already begun to take independent policy actions in internal security.

U.S. observers on the scene admit the possibility that a military-labor alliance will eventually take power and impose a neo-fascist dictatorship. Evidence of growing political frustration and collusion between these groups supports this prediction. While effective counter-insurgency operations have prevented a dramatic upsurge in leftist violence, behind the scenes maneuvering among those opposed to Lopez Rega has increased. This restlessness will almost certainly intensify between now and the national elections scheduled for 1977. 3.5(c)

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